

Message Text

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ORIGIN ARA-10

INFO OCT-01 ISO-00 AGR-05 EB-07 SWF-01 L-02 SP-02 AID-05

NSC-05 RSC-01 CIEP-01 TRSE-00 SS-15 STR-01 OMB-01

CEA-01 CIAE-00 COME-00 FRB-01 INR-05 NSAE-00 XMB-02

OPIC-03 LAB-04 SIL-01 /074 R

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ARA/EP:SMPRINGLE

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USDA/FAS:KOSTEVENS

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P 132218Z DEC 74

FM SECSTATE WASHDC

TO AMEMBASSY LIMA PRIORITY

C O N F I D E N T I A L STATE 274096

E.O. 11652: GDS

TAGS: EAGR, EAID, PE

SUBJECT: GOP REQUEST FOR CCC CREDIT FOR WHEAT

REF: A. LIMA 10442 B. STATE 262662

1. ON DECEMBER 3 DEPARTMENT SENT NOTE (REF B) TO PERUVIAN EMBASSY INFORMING GOP THAT ITS REQUEST OF SEPTEMBER 12 FOR CCC CREDIT TO BUY WHEAT AND CORN HAD NOT BEEN APPROVED (COPY POUCHED.) OPERATIVE SECTION READ AS FOLLOWS: "REGRETTABLY, THE CURRENT SUPPLY AND DEMAND SITUATION WITH RESPECT TO THESE COMMODITIES DOES NOT WARRANT THE EXTENSION OF CCC CREDITS. IT SHOULD BE NOTED THAT THE UNITED STATES GOVERNMENT HAS NOT AUTHORIZED THE EXTENSION OF NEW LINES OF CCC CREDIT FOR WHEAT SALES THIS FISCAL YEAR. THE LAST SUCH AUTHORIZATION FOR WHEAT WAS THE 15 MILLION DOLLAR CREDIT EXTENDED TO PERU ON APRIL 26, 1974. THE DEPARTMENT WILL BEAR THE EMBASSY'S REQUEST IN MIND BUT IS UNABLE TO INDICATE AT THIS TIME WHEN CCC CREDITS FOR GRAIN SALES MIGHT AGA-

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IN BE AUTHORIZED." ADDITION TO NOTE AS SUGGESTED IN PARA-

GRAPH 4 REF A NO LONGER POSSIBLE.

2. WHAT GOP REQUESTED IN TERMS OF CREDIT, COMMODITIES DESIRED, AND DELIVERY TIMES WAS SOMEWHAT CONFUSING. WE UNDERSTAND THAT ON MAY 21, 1974, GOP REQUESTED 15 MILLION DOLLARS CCC CREDIT TO BUY 100,000 MT WHEAT FROM "NEW CROP" -- PRESUMABLY AUTUMN 1974 HARVEST. (LIMA 4058). IN MID-JULY, GOP MINISTER OF COMMERCE WROTE AMBASSADOR DEAN

"REITERATING" GOP INTEREST IN OBTAINING CCC CREDIT FOR ADDITIONAL 100,000 MT OF WHEAT FOR DELIVERY IN 1974 (LIMA 5817). ON SEPTEMBER 12, PERUVIAN EMBASSY IN WASHINGTON PRESENTED NOTE TO DEPARTMENT REQUESTING 50 MILLION DOLLARS CCC CREDIT TO BUY 200,000 MT WHEAT AND 125,000 MT CORN, BUT WITHOUT SPECIFYING TIME OF DELIVERY DESIRED. ON NOVEMBER 1 (LIMA 9248), GOP AGAIN REQUESTED CCC CREDIT TO BUY 200,000 MT WHEAT -- ONE HALF OF WHICH WOULD BE DELIVERED IN 1974 AND ONE HALF TO BE DELIVERED IN EARLY 1975. ON NOVEMBER 11 (LIMA 9556), VICE-MINISTER OF COMMERCE REITERATED TO AMEMBASSY LIMA URGENT NEED FOR CCC FINANCING AT LEAST 100,000 MT WHEAT. FROM THESE REQUESTS AND FROM EARLIER EMBASSY MESSAGES (LIMA 3694), DEPARTMENT CONCLUDED THAT GOP DESIRED TO BUY TOTAL OF 200,000 MT WHEAT FOR DELIVERY IN BOTH 1974 AND 1975. IT IS NOT CLEAR, HOWEVER, THAT GOP MADE TWO REQUESTS -- ONE FOR CREDIT FOR 100,000 MT WHEAT FOR DELIVERY IN 1974 AND SECOND FOR DELIVERY OF SIMILAR AMOUNT IN NEXT CROP YEAR.

3. IN ANY EVENT, CCC CREDIT FOR WHEAT PURCHASES FOR DELIVERY IN EITHER 1974 OR 1975 IS NOT AVAILABLE AT THIS TIME AND WE CANNOT PREDICT WHEN OR IF CREDIT WILL AGAIN BE AVAILABLE.

4. FACTS WITH RESPECT TO DE LA FLOR STATEMENT PARA. 2 REF A ARE AS FOLLOWS: PERUVIAN REQUESTS WERE NOT REPEAT NOT FORMALLY CONSIDERED BY NATIONAL ADVISORY COUNCIL BECAUSE IT WAS CLEAR THEY WOULD NOT BE APPROVED, ALTHOUGH MATTER WAS TENTATIVELY SCHEDULED AS NAC AGENDA ITEM ON THREE OCCASIONS. (DEPARTMENT WOULD NOT HAVE SUPPORTED PERUVIAN REQUESTS, HAVING CONCLUDED THAT POLITICAL ARGUMENTS FOR CONFIDENTIAL

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GRANTING PERU CCC CREDIT DID NOT OVERRIDE ECONOMIC POLICY CONSIDERATIONS.) PERUVIAN EMBASSY WAS AWARE THAT MATTER WAS TO COME BEFORE NAC ON ONE OCCASION BUT THAT CONSIDERATION HAD BEEN POSTPONED FOR ADMINISTRATIVE REASONS. PERHAPS THIS WAS MISINTERPRETED AS HAVING BEEN "LOST IN THE SHUFFLE."

5. YOU MAY WISH INFORM FOREIGN MINISTER THAT HIS STATEMENT

REPORTED PARA 2 REF A REPRESENTS MISUNDERSTANDING AND THAT
FACTS ARE AS STATED IN DEPARTMENT'S NOTE OF DECEMBER 3
(PARA 1 ABOVE.) INGERSOLL

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Message Attributes

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